

**NORTH LINCOLNSHIRE COUNCIL**

**HIGHWAYS AND PLANNING  
CABINET MEMBER**

**CARBON TRUST STANDARD**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To update members on the outcome of our recent assessment against the Carbon Standard.
- 1.2 To assess the impact of the Carbon Standards decision on the Council's payments under the Carbon Reduction Energy Efficiency scheme.(CRC).

**2. BACKGROUND INFORMATION**

- 2.1 The CRC is a mandatory cap and trade scheme in which the Council has to purchase Carbon credits at £12/credit for every tonne of carbon it emits (1 tonne of carbon= 1 Carbon Credit).
- 2.2 A part of the CRC scheme certain organisations (including NLC) will have to produce accurate figures on its carbon emissions. On the basis of its carbon footprint and its performance against certain criteria (known as metrics) it will be awarded a position in a national league table.
- 2.3 Our position in the league table and our performance against the metrics will determine how much the scheme will cost the council.
- 2.4 The metrics that the council has to perform against within the introductory period are:
  - Early Action Metrics (this includes achieving the Carbon Standard).
  - Absolute Metric (measures an absolute CO<sub>2</sub> reduction).
  - Growth Metric (measures our growth in revenue expenditure against our carbon footprint).

**3. OPTIONS FOR CONSIDERATION**

- 3.1 That the Council puts in place an action plan to address the findings of the Carbon Trust. This is the preferred option as it shows good leadership on this important area of work.

- 3.2 Option 2 is that the Council abandons the idea of becoming a carbon standard authority. This is not the preferred option.

#### 4. ANALYSIS OF OPTIONS

4.1 The Carbon Trust Standard requires organisations to:

- Meet or exceed the Carbon Measurement Criteria (including historic measurements).
- Meet or exceed the Carbon Reduction Criteria (including historic data).
- Score 60% or above against a series of qualitative criteria assessing the organisations effectiveness at managing its emissions.

As part of the process an organisation has to decide on the level and detail of the Carbon Footprint Assessment. The Council registered for a level 1 assessment which includes:

- Electricity consumption
- Gas consumption
- Other fuel consumption
- Fuel consumption from fleet vehicles.

Within the assessment there are three benchmarks against which all organisations are assessed:

- Absolute footprint. Tonnes CO<sub>2</sub>
- Relative benchmark FTE/ Tonnes CO<sub>2</sub>
- Turnover benchmark Tonnes CO<sub>2</sub> / £m

4.4 The report prepared by the Carbon Trust fails the Council against all the benchmarks but accepts that it has made enormous strides forward over the last year as part of the Local Authority Carbon Management Programme.

4.5 In addition to this, the council did not meet the 60% qualitative mark.

4.6 The qualitative mark is assessed against the criteria outlined in appendix 1 (The score in red and in brackets are those of our assessment.)

4.7 Overall the council performed well against training and awareness and the fact that it has a clear programme in place to reduce its Carbon impact. (The carbon management plan).

4.8 However we performed poorly against funding allocations. The report goes on to mention that we fell very short of the Audit Commission benchmark for energy management. The audit commission suggest that

organisations should be spending 10% of their annual energy spend on energy efficiency measures.

- 4.9 In addition the report identifies that we need to make improvements in relation to data quality control and target setting. Whilst the council has made a commitment to reducing its Carbon Footprint by 33% over the next five years, it needs to progress into target setting for directorates and individual sections of the Council. This needs to be coupled with an increase in the amount of data collected and reporting to the directorates. Currently no data on carbon performance is circulated to the directorates of the council (Appendix 2 is a suggested template for all future performance monitoring on carbon issues)
- 4.10 Failure to achieve the Carbon Standard is likely to have a significant impact upon the Council's CRC payments in the introductory phase (2011 to 2013).
- 4.11 During Year 1 of the CRC Scheme, 100% of our score and position in the league table is dependent upon two early action metrics; achieving The Carbon Standard and the percentage of our buildings that are covered by automatic meter readings. Achieving both of these metrics would ensure that we receive 10% more money back in October 2011 than we put into the scheme in April 2011. i.e. we are rewarded for our performance
- 4.12 However, modelling work recently undertaken by the LGIU indicates that North Lincolnshire Council will pay £300000 into the scheme in April 2011 and get back £270,000 in October 2011. This is mainly due to not meeting all the requirements of the early action metrics. ie. not having a high percentage of its properties with automatic meter readings (AMR), and not achieving the Carbon Standard.
- 4.13 In year two, the early action metrics account for 40% of our league position, while 45% of our league position is dependent upon our actual CO<sub>2</sub> reductions. The remaining 15% of our league position is made up of a Growth Metric which is based upon the Councils revenue expenditure.
- 4.14 In year three (October 2013) 20% of our league position is dependent upon the Early Action Metrics, 60% is dependant upon our actual CO<sub>2</sub> emission reductions and 20% on the growth metric.

## **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

### **5.1 Financial**

- 5.1.1 The council will be paying £300,000 in to the CRC scheme each April from 2011 and getting less back in the recycling part of the scheme than it puts in due to two main area.
- Poor performance against the early action metrics (Carbon Standard and AMR).

- Poor investment levels in Energy efficiency measures and therefore not reducing our carbon emissions.

## 6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

### 6.1 **Statutory**

6.1.1 The CRC scheme is a mandatory cap and trade scheme which will affect the council due to its energy consumption levels.

6.2.1 Preparing for the CRC scheme by investing in energy efficiency measures will not only enable the council to meet its statutory duty but also reduce the council's financial vulnerability in future years

### 6.3 **Environmental**

6.3.1 The North Lincolnshire area sits at the bottom of the National Indicator 186 league table.

6.3.2 The council and its LSP partners have adopted NI186 as one of its key indicators within the Local Area Agreement (LAA). The target is to reduce the regions emissions by 12% over the life of the LAA.

6.3.3 In order to deliver regional reductions by working with our partners the council must be seen as leading from the front and getting its own act in order.

### 6.4 **Diversity**

There are no diversity issues arising from this report.

### 6.5 **Section 17**

There are no Crime and Disorder issues arising from this report.

## 7. **OUTCOMES OF CONSULTATION**

7.1 There has been no consultation on this report

## 8. **RECOMMENDATIONS**

8.1 That the action plan be approved and that further update reports be submitted on a regular basis..

Church Square House  
P O Box 42  
Scunthorpe  
DN156XQ  
Author: Tim Allen  
Date: 3<sup>rd</sup> February 2010

**Background Papers used in the preparation of this report:**

The Carbon Trust Standard assessment( copies of which have been placed in the political group offices  
The Carbon Standard rules